



**DEPARTMENT OF CORRECTIONS  
POLICIES AND PROCEDURES**

Policy No.: DOC 4.5.12	Subject: <b>MANAGED CARE AND COST CONTAINMENT</b>
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Section 5: Health Care	Revision Date:
Signature: /s/ by Director Rick Day 5/13/98	Effective Date: Sept. 1, 1998

**I. POLICY:**

It is the policy of the Montana Department of Corrections to establish and utilize mechanisms to contain costs while monitoring the quality of services in order to provide necessary health care to offenders.

**II. AUTHORITY:**

53-1-203, MCA. Powers and Duties of Department of Corrections

Standards for Prisons and Juvenile Facilities by the National Commission on Correctional Health Care

**III. DEFINITIONS:**

**Managed Care** means the administrative processes utilized by health care organizations to:

- C Educate providers and consumers of care in appropriate use resources and services;
- C Review and preauthorize care to allow for appropriate and necessary care;
- C Monitor outcomes to establish cost/benefit relationships;
- C Recognize and use providers who generate consistently good outcomes at the most reasonable cost;
- C Analyze financial and outcome data to identify trends and outliers (offenders who generate the highest 10% of cost and/or the highest 10% of consumers medical services);
- C Manage individuals identified as over-utilizer or medically unnecessary (those individuals who are outliers or tend to be accessing the health care system excessively. Education of the offender and individual management would not only be cost effective but would also benefit the general health of the individual);
- C Concurrent review of inpatient services and referral patterns (review of hospital procedures and admissions while the offender is receiving these services);
- C Discharge planning (examining alternatives to hospitalization and/or costly procedures and arranging for these services so there is a good outcome for the offender without generating excessive costs for the state of Montana);

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- C Case management to manage complex or costly cases (identification of those procedures and/or diagnoses that are likely to generate excessive cost and evaluating all care on a basis of a cost/benefit ratio for the individual; prevent duplication of services by communication between the providers of health care services); and
- C Authorize and prioritize care by the Medical Review Panel.

**Cost containment** means the administrative processes utilized to reduce the overall cost of health care while maintaining quality by:

- C Contract review and negotiations;
- C Competitive bidding;
- C Clinical review of utilization and quality of care provided;
- C Regionalization/Specialization;
- C Cost sharing such as Co-Pay;
- C Continuous quality improvement review;
- C Economic credentialing; and
- C Retrospective review of bills to determine accuracy.

#### **IV. PROCEDURES:**

- A. The Management Team will utilize information provided by the Administrative Meetings and Reports (see Policy DOC 4.5.6) combined with input from the Continuous Quality Improvement Council to identify, review and contract with those providers, agencies, facilities, or services to provide quality care on a timely basis in a cost-efficient manner.
- B. Each facility/program will establish policies and procedures to implement cost containment and managed care processes and recommendations from the Management Team and the Department Medical Administration. Each facility will explore potential funding sources for which the offender may be eligible.

#### **V. CLOSING:**

Questions concerning this policy shall be directed to the Medical Director or Department Health Services Manager.